Unaudited Condensed Interim Consolidated Financial Statements of

SPECTRA7 MICROSYSTEMS INC.

For the Three and Nine Months Ended September 30, 2025 and 2024

(Expressed in United States Dollars)

The accompanying unaudited condensed interim consolidated financial statements of Spectra7 Microsystems Inc. (the "Company") have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

SPECTRA7 MICROSYSTEMS INC.
(Unaudited)

For the Three and Nine Months Ended September 30, 2025 and 2024

Table of Contents

SPECTRA7 MICROSYSTEMS INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
For the Three and Nine Months Ended September 30, 2025 and 2024
(Expressed in United States Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
	$	$	**$**	$
Revenue	**-**	152,509	**392,305**	1,830,864
Cost of sales	**-**	169,302	**(321,487)**	966,485
Gross margin	**-**	(16,793)	**713,792**	864,379
Expenses (Income):				
Research and development, net of investment tax credits and including amortization of licenses	**2,104**	1,033,246	**1,576,667**	3,196,075
Sales and marketing	**-**	236,110	**98,576**	785,076
General and administrative	**332,895**	512,981	**4,115,473**	2,033,912
Provision for bad debt	**-**	450,000	**(295,661)**	600,000
Depreciation of right-of-use assets	**-**	55,819	**68,844**	173,183
Depreciation of property and equipment	**-**	26,974	**50,245**	82,576
Share-based compensation *(Note 7(b))*	**-**	143,029	**1,808,737**	595,112
Loss on extinguishment of convertible debt (Note 6)	**-**	-	**-**	6,922,080
Interest on lease obligation of right-of-use asset *(Note 4)*	**-**	3,702	**1,359**	8,337
Accretion and interest expense *(Note 6)*	**-**	-	**6,226**	680,539
Other (Income)/loss	**(8,437)**	-	**(22,871)**	10,165
Foreign exchange gain	**(1,019)**	(1,220)	**41,987**	(185,375)
Total Expenses	**325,542**	2,460,641	**7,449,582**	14,901,679
Sale of assets	**-**	-	**(6,997,234)**	-
Net Gain/(Loss)	**(325,542)**	(2,477,434)	**261,444**	(14,037,300)
Other comprehensive loss:				
Unrealized foreign currency translation	**-**	810	**2,842**	190
Total comprehensive gain/(loss)	**(325,542)**	(2,476,624)	**264,286**	(14,037,110)
Loss per share				
Basic and diluted	**0.00**	(0.02)	**0.00**	(0.15)
Weighted average number of common shares outstanding				
Basic and diluted	**251,053,954**	142,444,592	**207,596,807**	92,580,856

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

SPECTRA7 MICROSYSTEMS INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency) (Unaudited)
For the Three and Nine Months Ended September 30, 2025 and 2024
(Expressed in United States Dollars)

	Common shares	Common shares	Share based payment reserve	Convertible debentures - share conversion option	Warrants	Deficit	Accumulated other comprehensive loss	Total Equity
	#	$	$	$	$	$	$	$
Balance, December 31, 2023	**40,300,419**	**171,979,214**	**6,541,017**	**1,681,250**	**5,821,592**	**(187,994,653)**	**182,852**	**(1,788,728)**
Shares issued under Restricted Share Unit plan	-	-	-	-	-	-	-	-
Shares issued in lieu of interest payment	185,682	56,774	-	-	-	-	-	56,774
Convertible Debenture Conversion	50,365,400	3,696,814	-	-	10,665,447	-	-	14,362,261
Private Placement May 2024	51,577,707	3,735,512	-	-	4,670,720	-	-	8,406,232
Shares issued upon conversion of 9% Debentures	15,384	-	-	-	-	-	-	-
Share-based compensation expense (Note 7(b)(iii)	-	-	595,112	-	-	-	-	595,112
Total comprehensive loss	-	-	-	-	-	(14,037,301)	190	(14,037,110)
Balance, September 30, 2024	**142,444,592**	**179,468,314**	**7,136,129**	**1,681,250**	**21,157,759**	**(202,031,954)**	**183,043**	**7,594,541**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

SPECTRA7 MICROSYSTEMS INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency) (Unaudited)
For the Three and Nine Months Ended September 30, 2025 and 2024
(Expressed in United States Dollars)

	Common shares	Common shares	Shareholder distributions	Share-based payment reserve	Convertible debentures - share conversion option	Warrants	Deficit	Accumulated other comprehensive loss	Total Equity
	#	$	$	$	$	$	$	$	$
Balance, December 31, 2024	**142,596,307**	**176,040,328**	**-**	**6,968,851**	**1,681,250**	**15,740,580**	**(198,669,631)**	**179,581**	**1,940,958**
Shares issued under Restricted Share Unit plan	21,784,073	285,012	-	(285,012)	-	-	-	-	-
Shareholder Special Distribution May 2025 (Note(a)(ii)	-	-	(1,031,336)	-	-	-	-	-	(1,031,335)
Shares issued upon conversion of Pre-Funded Warrants (*Note 7d*)	86,673,574	560	-	-	-	-	-	-	560
Share-based compensation expense *(Note 7(b)(iii))*	-	-	-	1,808,737	-	-	-	-	1,808,737
Total comprehensive gain	-	-	-	-	-	-	261,444	2,842	264,286
Balance, September 30, 2025	**251,053,954**	**176,325,900**	**(1,031,336)**	**8,492,576**	**1,681,250**	**15,740,580**	**(198,408,187)**	**182,423**	**2,983,206**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

SPECTRA7 MICROSYSTEMS INC.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)
September 30, 2025 and December 31, 2024
(Expressed in United States Dollars)

	September 30, 2025	December 31, 2024
	$	$
Assets		
Current assets:		
Cash	**1,342,456**	1,291,212
Trade and other receivables	**1,800,000**	-
Investment tax credits	**5,720**	5,563
Inventories	**-**	368,624
Prepaid expenses and other assets	**208,000**	642,538
	3,356,176	2,307,937
Property and equipment	**-**	324,774
Right-of-use assets *(Note 3)*	**-**	74,425
Intangible assets	**-**	524,225
	3,356,176	3,231,361
Liabilities		
Current liabilities:		
Trade and other payables	**372,970**	1,158,805
Bridge Loan	**-**	-
Convertible debentures	**-**	55,000
Lease obligation on right-of-use assets *(Note 4)*	**-**	75,598
	372,970	1,290,403
	372,970	1,290,403
Shareholders' Equity		
Common shares *(Note 7(a))*	**176,325,990**	176,040,328
Shareholder Distributions	**(1,031,336)**	-
Share-based payment reserve	**8,492,576**	6,968,851
Convertible debentures - share conversion option *(Note 6)*	**1,681,250**	1,681,250
Warrants *(Note 7(c))*	**15,740,580**	15,740,580
Deficit	**(198,408,187)**	(198,669,631)
Accumulated other comprehensive income(loss)	**182,423**	179,580
	2,983,206	1,940,958
	3,356,176	3,231,361

Nature of operations, going concern and continuation of the business *(Note 1)*

Signed on behalf of the Board:

"Ron Pasek"
_______________________ *Director*

"Omar Javaid"
_______________________ *Director*

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

SPECTRA7 MICROSYSTEMS INC.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
Three and Nine Months Ended September 30, 2025 and 2024
(Expressed in United States Dollars)

	Nine months ended September 30,	
	2025	2024
	$	$
Operating activities:		
Net Gain/(Loss)	**261,444**	(14,037,301)
Items not involving cash:		
Amortization of license	**232,656**	501,905
Depreciation of property and equipment	**80,851**	171,117
Depreciation of right-of-use assets *(Note 3)*	**68,844**	173,183
Interest expense	**-**	-
Share-based compensation *(Note 7)*	**1,808,737**	595,112
Loss on extinguishment of convertible debt (Note 6)	**-**	6,922,080
Accretion and interest expense *(Note 6)*	**-**	673,037
Gain on disposal of equipment	**(3,373,883)**	-
	(917,098)	(5,000,867)
Net change in non-cash working capital items		
Trade and other receivables	**(1,800,000)**	1,078,132
Investment tax credits	**(157)**	23,665
Inventories	**368,624**	489,293
Prepaid expenses and other assets	**434,538**	(250,949)
Trade and other payables	**(790,000)**	(439,707)
Deferred Revenue	**(55,000)**	70,176
	(2,759,181)	(4,030,257)
Interest paid *(Note 6)*	**-**	(846,124)
	(2,759,181)	(4,876,381)
Financing activities:		
Proceeds from April 2025 asset sale, net of costs	**5,035,860**	-
Bridge Loan	**(756,226)**	-
Proceeds from May 2024 private placement	**-**	8,406,232
Convertible Debenture conversion (Note 6)	**-**	6,861,668
Proceeds from exercise of prefunded warrants	**560**	-
Shareholder special distribution May 2025	**(1,031,336)**	-
Repayment of lease obligation on right-of-use assets *(Note 4)*	**(71,016)**	(173,164)
	3,177,842	15,094,736
Investing activities:		
Acquisition of property and equipment	**(345,084)**	(19,937)
Acquisition of licenses	**(25,172)**	(718,111)
	(370,256)	(738,054)
Effect of foreign exchange rate changes on cash	**2,839**	(7,143,832)
(Decrease)/Increase in cash	**51,244**	2,336,470
Cash, beginning of period	**1,291,212**	658,580
Cash, end of period	**1,342,456**	2,995,050

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. Nature of operations, going concern and continuation of the business

Spectra7 Microsystems Inc. (the “Company” or “Spectra7”), is a corporation incorporated under the laws of the Province of Ontario. The Company is domiciled in Canada and its registered office is located at 181 Bay Street, Suite 1800, Toronto, Canada M5J 2T9.

On April 22, 2025, the Company completed the sale of substantially all of its assets (the “Sale Transaction”) for a purchase price (the “Purchase Price”) of $9,000,000 to Parade Technologies, Ltd. (“Parade”), pursuant to an asset purchase agreement dated March 7, 2025 (the “Purchase Agreement”). Following the Sale Transaction, the Company’s common shares were voluntarily de-listed from the TSX Venture Exchange (the “TSXV”) on April 28, 2025.

Prior to the closing of the Sale Transaction, the Company delivered high performance analog semiconductors for electronic manufacturers in data centers, virtual reality, augmented reality, and other connectivity markets. The Company’s condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities in the normal course of operations. The Company incurred a comprehensive gain of $264,286 for the nine months ended September 30, 2025. (loss September 30, 2024 - $14,037,110) and has an accumulated deficit of $198,408,187 (December 31, 2024 - $198,669,631. As a result of the completion of the Sale Transaction, the Company has scaled down operations and only essential costs have continued to be incurred.

Concurrent with the execution of the Purchase Agreement, Parade advanced a loan to the Company in the amount of $450,000 and, on March 21, 2025, advanced an additional loan in the amount of $300,000, in order for the Company to maintain its operations and carry on business until the closing of the Sale Transaction (collectively, the “Bridge Loans”). The Bridge Loans were governed by a loan agreement dated March 7, 2025 between the Company and Parade and (i) accrued interest at the prevailing prime rate; (ii) were secured against certain of the assets of the Company and its subsidiaries pursuant to a general security agreement; and (iii) were settled (including interest) at closing against the payment of the Purchase Price.

2. Basis of presentation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”), using International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the years ended December 31, 2024 and 2023.

Except as noted below, the Company has followed the same basis of presentation, accounting policies and method of computation for these condensed interim consolidated financial statements as were disclosed in the audited consolidated financial statements for the years ended December 31, 2024 and 2023. These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on November 4, 2025.

b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These condensed interim consolidated financial statements are presented in United States dollars. The Company's functional currency is Canadian dollars.

(Expressed in United States Dollars)

c) Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries and their corresponding functional currencies:

Spectra7 Microsystems Corp., a company incorporated under the laws of Ontario (USD);
Spectra7 Microsystems Ltd., a company incorporated under the laws of Delaware (USD);
Spectra7 Microsystems (Ireland) Limited, a company incorporated under the laws of Ireland (USD); and
Si Bai Ke Te (Dongguan) Electronics Trading Co. Ltd., a China wholly foreign owned enterprise (CNY) .

All intercompany balances and transactions are eliminated in full on consolidation.

d) Critical accounting estimates and judgements

The Company uses the same critical accounting estimates and judgements as those that applied to the annual consolidated financial statements for the year ended December 31, 2024.

3. Right-of-use assets

The following table sets forth the right-of-use assets:

	$
Balance, January 1, 2024	**80,150**
Depreciation	(229,002)
Lease Amendment	223,277
Balance, December 31, 2024	**74,425**
Depreciation	(74,425)
Balance, September 30, 2025	**-**

In 2024, the Company entered into an amendment to extend the lease for its headquarters through April 2025. The lease amendment was accounted for as a change in the accounting of the existing lease. With the extended lease term, the Company recorded a right-of-use asset and a corresponding lease obligation of $223,277 using an incremental borrowing rate of 8.75%.

4. Lease obligations on right-of-use assets

The present value of the remaining minimum lease payments on the obligations for right-of-use assets as at September 30, 2025 are as follows:

	$
Balance, January 1, 2024	82,490
Lease Amendment	223,277
Repayments	(240,000)
Interest	10,831
Balance, December 31, 2024	**76,598**
Repayments	(78,000)
Interest	1,402
Balance, September 30, 2025	-
Current	**-**

(Expressed in United States Dollars)

5. Inventories

	September 30, 2025	December 31, 2024
	$	$
Work-in-progress	-	918,418
Finished goods	-	422,939
	-	1,341,357
Less: provision for obsolescence	-	(972,733)
	-	368,624

Inventories recognized as cost of sales for the nine months ended September 30, 2025 amounted to nil ($912,747 for the nine months ended September 30, 2024).

6. Convertible debentures

On May 10, 2024, the Company amended its 14% convertible unsecured debentures (the “14% Debentures”) and its 9% convertible unsecured debentures (the “9% Debentures”) to provide that the holders may, at any time prior to maturity, convert such debentures, and that the Company has the right to convert such debentures, at any time prior to maturity, into: (a) in the case of the 14% Debentures, 7,538 units for each $1,000 principal amount of 14% Debentures (each, a "14% Unit"), with each 14% Unit consisting of one common share and one common share purchase warrant (each, a "14% Warrant") or, if the Share Ownership Threshold (defined below) would be exceeded by the warrantholder as a result of the conversion, one Pre-Funded Warrant (defined below) and one 14% Warrant and (b) in the case of the 9% Debentures, 7,538 units for each $1,000 principal amount of 9% Debentures (each, a "9% Unit"), with each unit consisting of one common share and 0.80 of a common share purchase warrant (each whole warrant, a "9% Warrant") or, if the Share Ownership Threshold would be exceeded by the warrantholder as a result of the conversion, one Pre-Funded Warrant and 0.80 of a 9% Warrant. Each 14% Warrant is exercisable into one common share or, if the Share Ownership Threshold would be exceeded by a holder as a result of the exercise of their warrants, one Pre-Funded Warrant, at an exercise price of $0.13 until July 26, 2027. Each 9% Warrant is exercisable into one common share or, if the Share Ownership Threshold would be exceeded by a holder as a result of the exercise of their warrants, one Pre-Funded Warrant, at an exercise price of $0.13 until September 14, 2028.

On May 15, 2024, the Company completed the forced conversion of all outstanding 14% Debentures and 9% Debentures resulting in the issuance of 50,365,400 common shares, 37,836,738 Pre-Funded Warrants, 66,884,674 14% Warrants and 17,052,840 9% Warrants.

7. Shareholders' equity

(a) Common shares

Authorized share capital consists of an unlimited number of common shares.

(i) May 2024 Private Placement

On May 10, 2024, the Company completed a non-brokered private placement (the “May 2024 Private Placement”) of 107,683,090 units of the Company (each, a “May 2024 Unit”) at a price of CDN $0.10 per May 2024 Unit for aggregate gross proceeds of $6,910,100 (CDN $10,768,309). Each May 2024 Unit consisted of either (i) one common share and one common share purchase warrant (each, a “May 2024 Warrant”) or (ii) one pre-funded common share purchase warrant (each, a “Pre-Funded Warrant”) and one May 2024 Warrant. Each May 2024 Warrant is exercisable immediately and entitles the holder thereof to purchase either one common share or, if the Share Ownership Threshold would be exceeded, one Pre-Funded Warrant at an exercise price of CDN $0.11 until the date that is five years after the issuance date. The expiry date of the May 2024 Warrants can be accelerated by the Company at any time prior to the expiry date if the closing price of the common shares on the TSXV is greater than CDN $0.33 for any period of 10 consecutive trading days and certain volume thresholds are met during those 10 consecutive trading days. Each Pre-Funded Warrant entitles the holder to purchase one common share at a price of CDN $0.00001 subject to compliance with the Share Ownership Threshold. The Pre-Funded Warrants do not expire.

On June 13, 2024, the Company closed a second tranche of the May 2024 Private Placement consisting of the issuance of 18,311,453 May 2024 Units for aggregate gross proceeds of $1,332,595 (CDN $1,831,145). Pursuant to the May 2024 Private Placement, the Company issued a total of 51,577,707 common shares, 74,416,836 Pre-Funded Warrants, and 125,994,543 May 2024 Warrants. In connection with the May 2024 Private Placement, the Company paid a cash commission of $461,727 and issued compensation warrants to purchase up to (a) 3,482,048 common shares at an exercise price of CDN$0.11 per common share until May 10, 2029 and (b) up to 683,462 common shares at an exercise price of CDN $0.11 per common share until June 13, 2029. The fair value of the compensation warrants was determined using the Black-Scholes option pricing model based on the following assumptions: volatility of 100%, expected term of 5 years, risk free rate of 3.88% and zero dividend.

The total gross proceeds from the two tranches of the May 2024 Private Placement was approximately $8,242,695 (CDN$12.6 million).

The "Share Ownership Threshold" is (i) 9.99% of the number of common shares outstanding; or (ii) if the relevant holder has filed and the TSXV has cleared for acceptance a personal information form in the form prescribed by the TSXV, 19.99% of the number of common shares outstanding; provided, however, that the 19.99% threshold shall not apply if the requisite disinterested shareholder approval has been obtained in accordance with applicable TSXV policies.

Craig-Hallum Capital Group (the "Agent") acted as the sole placement agent for the May 2024 Private Placement for purchasers in the United States. The Agent received a cash commission of $461,727 and compensation warrants on substantially the same terms as the May 2024 Warrants, entitling the Agent to purchase up to 4,164,540 common shares at an exercise price of $0.11 per common share for a period of five years. The compensation warrants are not exercisable for Pre-Funded Warrants and are non-transferable. A further cash finder's fee equal to $8,400 was paid to a Canadian agent with respect to certain Canadian purchasers.

(ii) Special distribution

Following closing of the Sale Transaction, the Company distributed approximately $1,070,000 (approximately CDN$1,478,740), or $0.0039 per common share or Pre-Funded Warrant to its shareholders (other than dissenting shareholders) (the "Spectra7 Shareholders") and holders of Pre-Funded Warrants representing the net proceeds received by the Company from the Sale Transaction less: (i) transaction costs including fees for financial and legal advisors, costs of the special meeting of Spectra7 Shareholders held to approve the Sale Transaction, escrow agent fees and fees payable to the TSXV; (ii) accounts payable and any employee severance and bonus costs; (iii) funds used for the Company’s ordinary course expenses prior to closing of the Sale Transaction; and (iv) estimated funds to be used by the Company to continue to exist until on or after the date that is one year after closing of the Sale Transaction (the “Escrow Release Date”), including governance, maintenance and wind-down costs for the Company's international operations.

Additionally, the Company distributed one non-interest bearing contingent value right (each a “CVR”) for each common share or Pre-Funded Warrant held on the record date for the special distribution, being April 28, 2025. The distribution of the available Escrow Amount (being, initially, $1,800,000), any unused proceeds from the Sale Transaction and any available working capital shall be made to the holders of CVRs on a date to be determined by the Company as soon as possible following the Escrow Release Date.

(b) Share-based compensation

The Company has established a stock option plan (the “Stock Option Plan”) and a restricted share unit plan (the “RSU Plan”) with the intention of attracting, retaining and motivating employees, officers and directors.

The Company’s Board of Directors determines, among other things, the eligibility of individuals to participate in the RSU Plan and the Stock Option Plan and the term, vesting periods, and the exercise price of options granted under the Stock Option Plan.

At the annual and special meeting of shareholders in June 2024, shareholders approved amendments to both the Stock Option Plan and the RSU Plan to provide that the combined maximum number of common shares reserved for issuance under both the Stock Option Plan and the RSU Plan, inclusive of existing stock options and RSUs, shall not exceed 20% of the then outstanding common shares or 27,564,478 common shares.

(Expressed in United States Dollars)

(i) Restricted Share Units (RSU)

Concurrent with the closing of the Sale Transaction, the Company settled all outstanding RSUs through the issuance of 17,995,147 common shares.

Vesting is determined by the Company's Board of Directors at the time of grant. Vesting is contingent upon continuous service/employment through the specific vesting date. The fair value as of the grant date is used to determine the value.

The following table summarizes information about the Company's outstanding RSUs as at September 30, 2025 and 2024:

	September 30, 2025	September 30, 2024
	#	#
Balance, opening Jan 1	**21,808,895**	**5,045,727**
Granted	-	890,000
Forfeited	(33,119)	(378,858)
Vested and Shares issued	(21,775,776)	-
Balance, ending September 30	**-**	**5,556,869**

(ii) Stock options

Vesting is determined by the Company's Board of Directors at the time of grant. Vesting is contingent upon continuous service/employment through the specific vesting date. Options have an exercise price as set forth in the option certificate issued in respect of such options and in any event shall not be less than market price of the common shares as of the award date. The expiry date of an option is fixed by the Board of Directors at the time the particular option is awarded, provided that the expiry date shall be no later than the date that is 10 years following the award date of such option, subject to earlier termination upon the option holder ceasing to be a director, officer, employee or consultant of the Company.

The following table summarizes information about the Company's outstanding stock options as at September 30, 2025 and 2024:

	September 30, 2025		September 30, 2024	
	Number of Options	Weighted Average Price	Number of Options	Weighted Average Price
	#	CDN $	#	CDN $
Options outstanding, opening Jan 1	**187,000**	**1.47**	213,300	1.45
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Forfeited	**(187,000)**	**1.47**	(26,000)	1.12
Options outstanding, ending September 30	**-**	**-**	187,300	1.47

The following table is a summary of the Company's stock options outstanding as at September 30, 2025:

(Expressed in United States Dollars)

		Options Outstanding		Options Exercisable	
Exercise price range	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
CDN $	#	#	CDN $	#	CDN $
1.00 – 1.90	-	-	-	-	-
1.90 – 10.50	-	-	-	-	-
Balance, September 30, 2025	**-**	**-**	**-**	**-**	**-**

The following table is a summary of the Company's stock options outstanding as at September 30, 2024:

		Options Outstanding		Options Exercisable	
Exercise price range	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
CDN $	#	#	CDN $	#	CDN $
1.00 – 1.90	186,000	3.32	1.42	186,000	1.42
10.50 – 34.00	1,000	0.18	10.50	1,000	10.50
Balance, September 30, 2024	187,000	3.30	1.47	187,000	1.47

(iii) Share-based compensation expense

For its RSU Plan and Stock Option Plan, the Company recognized share-based compensation expense of $1,808,737 for the nine months ended September 30, 2025 ($362,141 for the nine months ended September 30, 2024) with a corresponding amount recognized as share-based payment reserve.

The fair value of the RSUs is determined based upon the Company's stock price on the date of grant. There were no stock options granted during the nine months ended September 30, 2025 and 2024.

(c) Warrants

The following table summarizes information about the Company's outstanding warrants as at September 30, 2025 and 2024:

	September 30, 2025		September 30, 2024	
	Number of Warrants	Weighted Average Price	Number of Warrants	Weighted Average Price
	#	CDN $	#	CDN $
Balance, opening Jan 1	**231,084,224**	**0.22**	19,224,885	1.74
Warrants component of May 2024 Private Placement (Note 7 (b))	**-**	**-**	125,994,543	0.11
Broker Warrants component of May 2024 Private Placement (Note 7 (b))	**-**	**-**	4,164,510	0.11
Warrants component of Convertible Debenture Conversion (Note 7(b)	**-**	**-**	83,937,514	0.13
Warrants expired	**(4,926,211)**	**-**	(2,237,228)	3.30
Balance, ending September 30	**226,158,013**	**0.22**	231,084,224	0.22

(Expressed in United States Dollars)

The following is a summary of the warrants outstanding by exercise price as at September 30, 2025:

Number of warrants outstanding	Exercise Price	Expiry Date
Warrants [(1)]		
1,140,138	CDN $2.50	January 15, 2026
478,665	CDN $2.50	February 12, 2026
4,223,141	CDN $2.50	May 14, 2026
66,884,674	CDN $0.13	July 26, 2027
5,990,000	CDN $1.18	March 15, 2028
17,052,840	CDN $0.13	September 14, 2028
107,683,090	CDN $0.11	May 10, 2029
18,311,453	CDN $0.11	June 13, 2029
Broker Warrants (Compensation Options)		
229,504	CDN $1.10	March 15, 2028
3,482,048	CDN $0.11	May 10, 2029
682,462	CDN $0.11	June 13, 2029

The following is a summary of the warrants outstanding as at September 30, 2024:

Number of warrants outstanding	Exercise Price	Expiry Date
Warrants [(1)]		
210,469	CDN $2.50	July 15, 2025
4,364,844	CDN $0.715	September 14, 2025
166,779	CDN $2.50	September 25, 2025
1,140,138	CDN $2.50	January 15, 2026
478,665	CDN $2.50	February 12, 2026
4,223,141	CDN $2.50	May 14, 2026
66,884,674	CDN $0.13	July 26, 2027
5,990,000	CDN $1.18	March 15, 2028
17,052,840	CDN $0.13	Sept 14, 2028
107,683,090	CDN $0.11	May 10, 2029
18,311,453	CDN $0.11	June 13, 2029
Broker Warrants (Compensation Options)		
229,504	CDN $1.10	March 15, 2028
3,482,048	CDN $0.11	May 10, 2029
682,462	CDN $0.11	June 13, 2029

[(1)] Subject to acceleration in certain circumstances.

(d) Pre-Funded Warrants

The following table summarizes information about the Company's outstanding pre-funded warrants as at September 30, 2025 and 2024:

(Expressed in United States Dollars)

	September 30, 2025	September 30, 2024
	Number of Warrants	Number of Warrants
	#	#
Balance, opening Jan 1	**112,253,574**	-
Pre-Funded Warrants component of May 2024 Private Placement (Note 7 (a))	**-**	74,416,836
Pre-Funded Warrants component of Convertible Debenture Conversion (Note 6)	**-**	37,836,738
Pre-funded Warrants converted common shares	**(86,673,574)**	-
Pre-Funded Warrants cancelled	**(3,163)**	-
Balance, ending September 30	**25,576,837**	112,253,574

8. Related party transactions and balances

The Company transacts with key individuals from management and with its directors who have authority and responsibility to plan, direct and control the activities of the Company. The nature of these dealings was in the form of payments for services rendered in their capacity as employees and as directors of the Company and are recorded at their fair value.

The Company's key management personnel are comprised of the Board of Directors and current and former members of the executive team of the Company.

Key management personnel compensation is comprised of the following:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2025	**2024**	**2025**	2024
	$	$	**$**	$
Salaries, fees and short-term benefits	**1,245,548**	171,750	**1,475,048**	350,250
Share-based compensation	**98,711**	53,813	**132,405**	270,686
Total	**1,342,759**	225,563	**1,605,953**	620,936

As at September 30, 2025, the amount owing to directors and officers was $7,750 ($30,500 for the nine months ended September 30, 2024).

9. Economic dependence

During the nine months ended September 30, 2025, the Company derived 100% of its revenue from one customer (September 30, 2024 –97% of its revenue from two customers).

10. Financial instruments

The Company's financial instruments consist of cash, trade and other receivables, trade and other payables, lease obligation on right of use assets and convertible debt. These financial instruments are classified as financial assts and liabilities at amortized cost and are reported at amortized cost.

Basis of fair values

Assets and liabilities recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no significant transfers between levels during the year.

The carrying value of the Company's financial assets and liabilities approximate their fair values due to their nature and their short-term to maturity.

The Company may be exposed to risks of varying degrees of significance that affect its ability to achieve its strategic objectives. The main objectives of the Company's risk processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are as follows:

Foreign currency risk

The Company may undertake sales and purchases transactions in foreign currencies, and therefore is exposed to gains or losses due to fluctuations in foreign currency exchange rates. Management believes the foreign exchange risk derived from currency conversions is currently low and therefore does not actively hedge its foreign currency risk. There has been no change to the Company's policies and processes with respect to the way it manages foreign currency risk.

Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not use derivative financial instruments to reduce its exposure to interest rate risk.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade and other receivables and money held in the Company's bank accounts. The carrying value of these assets represents the maximum credit exposure. At September 30, no trade receivables remains outstanding.

Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. There has been no change to the Company's policies and processes with respect to the way it manages liquidity risk.

11. Capital management

The Company's objectives when managing capital are to: (i) ensure the Company continues to operate as a going concern to maximize the return on investment to shareholders; (ii) ensure sufficient liquidity to meet the Company's financial obligations and to execute its operating and strategic plans; and (iii) minimize the after tax cost of capital while taking into consideration current and future industry, market and economic risks and conditions.